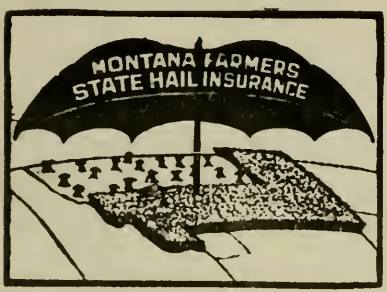
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4th Annual Report

STATE BOARD OF HAIL INSURANCE

To Montana Grain Growers



1940 BUSINESS SUMMARY

Total risk written	$919,894.61
Premium charge	$ 71,453.76
Losses paid	$ 95,483.21
Policies issued	1,040
Loss claims filed	341
Total acres insured	136,899
Average insurance per acre	$6.72
Average acres insured per policy	132
Number of days with hail	33
Acres reported damaged	39,620
Loss ratio	10%
Aver. cost per $1000 of protection	$77.68
Average cost of insurance	8%

PAYMENTS ON STATE HAIL INSURANCE LOSSES MAY BE ASSIGNED BUT CANNOT BE GARNISHED OR ATTACHED

The operation of the State hail insurance department has brought about much lower rates for hail insurance in the part of Montana east of the Continental Divide. Grain growers may assure themselves of the continuance of these lower rates by asking for State hail insurance.

See pages 6 and 7 for full information on how to obtain State hail insurance.

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Hon. Sam C. Ford
Governor of Montana
Capitol Building

Dear Sir:

In compliance with the Montana Hail Insurance laws I take pleasure in handing you a report of the operations of the department for 1940. Accompanying this report are details of premiums and losses by county for the current year together with data for the last 22 years. Also there are details of expenses of operation.

All 1940 approved losses were promptly paid. This completes the 22nd consecutive year with all losses paid in full.

Damage by hail was quite severe and widespread. The loss ratio was 10.4% which is the fourth highest of all years. The average for the last 22 years is 6.3%.

The largest payment, $17,452, went to Pondera County, closely followed by Daniels County with $16,013 and Big Horn with $13,508. Many other counties had loss ratios as high or higher but the lump payments were smaller due to the smaller risks carried by the State Fund.

Losses for the year exceeded the premiums. The cash carried over from 1939 was partly used to pay the difference. Over $50,000 remains on hand to help pay 1941 losses if they should be above the average.

341, or 33%, out of the 1040 insured filed claims for loss. In 1918, 39%, and in 1923, 41%, in 1932, 33%. In 1917, '25 and '34 less than 10% claimed loss and the average filing claims for all years is 23%.

Over 90% of the 1940 premiums have been paid. This is the best per cent of collection for several years and was due to good yields coupled with government wheat loans which prevented grain prices sinking as low as they would have gone had the loans not been available.

The good yields of 1940 coupled with the wheat loan program enabled many farmers to pay delinquent accounts. The total has been reduced to about $175,000, which is the lowest for several years. Nearly $20,000 was collected from old accounts during the year. Usually these payments run from $10,000 to $15,000 each year. Future collections from these delinquent accounts will help maintain the reserve fund and assist with the prompt payment of losses.

The large total of delinquent accounts was caused mainly by the adverse conditions met by the grain growers during the period from 1929 to 1937 inclusive. During many of these years grain sold at one-fourth to one-half the parity price which the farmers have been striving to obtain. Also grasshoppers, rust and drouth reduced the ability of the grain growers to pay for their hail insurance.

The State hail insurance fund brought much lower rates for hail insurance in the early twenties. Its continued operation on a sound basis will continue to

provide the grain growers with protection against damage by hail at reasonable rates.

Hail continues to be one of the major hazards in the growing of grain. Many of Lewis and Clark's party were injured in a hail storm near Great Falls in 1805. In all the years since these men blazed the trail thru Montana hail has continued to be a serious threat to growing crops in Montana east of the Continental Divide. The need of protecting growing crops against it is made more urgent by its habit of striking at unexpected times and places.

An experienced corp of adjusters take care of the losses with general satisfaction. Only one or two farmers in each one hundred claiming loss, have asked for a re-appraisal of the first adjustments. The main reason the adjusters are so successful is that they have had many years of experience in growing grain and in observing the effect of damage by hail on growing grain.

County assessors and treasurers have an important part in handling applications and policies for hail insurance. Most of them have given wholehearted attention to the part assigned them in the hail insurance laws.

This report gives what we consider to be the most important points covering the operation of the hail insurance department. If you desire any other information regarding its conduct, or regarding hail insurance in general, we will welcome your inquiry.

Respectfully submitted,

STATE BOARD OF HAIL INSURANCE

By E. K. Bowman, Chairman

CASH PAYMENT FOR HAIL INSURANCE

A discount of 4% is made on all policies paid in cash. A large number of grain growers have taken advantage of this method in recent years. In case of loss the insured has full control of the money paid on losses as State hail insurance payments are not subject to attachment.

Grain growers who secure crop loans from the PCA or FSA should ask for additional funds to cover the cost of hail insurance so that they may be able to take advantage of the reduction made for cash payment.

If cash is paid for 1941 hail insurance and the rate is reduced at the end of the season, a refund for the overpayment will be made from the state office in Helena.

Hail continues to be one of the major hazards to growing grain. All grain growers should secure a reasonable amount of hail insurance and pay cash for it, if possible.

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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1940 Risk Written	1940 Levy	1940 Losses Paid	1940 Loss Ratio	22 Year Average Loss Ratio	Average Cost 22 Years
Big Horn	$ 50,583.94	$ 4,608.31	$13,508.63	27%	10%	9%
Blaine	19,332.50	1,537.88	674.90	3	4	7
Broadwater	7,956.00	556.06	———	0	1	7
Carbon	2,265.00	153.89	———	0	4	8
Carter	———	———	———	———	3	7
Cascade	112,892.53	7,836.85	343.47	0	4	8
Chouteau	61,281.50	4,289.31	5,897.93	10	5	7
Custer	7,139.00	616.70	89.60	1	9	8
Daniels	52,679.30	4,206.63	16,138.41	31	6	8
Dawson	28,049.00	2,266.66	5,542.08	20	8	8
Fallon	17,019.83	1,358.85	636.22	4	4	8
Fergus	13,317.50	1,196.96	198.86	1	8	9
Flathead	———	———	———	———	4	6
Gallatin	9,607.00	706.17	———	0	8	7
Garfield	5,448.00	490.32	682.00	13	8	8
Glacier	27,185.00	2,019.35	1,522.00	6	2	7
Golden Valley	12,765.00	1,276.50	172.50	1	13	10
Hill	32,857.50	2,275.47	4,227.10	13	5	7
Jefferson	———	———	———	———	2	7
Judith Basin	7,038.00	563.04	39.00	1	6	9
Lake	70.00	3.50	———	0	0	5
Lewis & Clark	4,408.00	307.74	200.00	5	4	8
Liberty	35,600.00	2,434.17	3,693.15	10	2	7
McCone	54,766.00	4,347.50	1,620.32	3	5	7
Madison	3,436.40	289.15	———	0	4	7
Meagher	———	———	———	———	12	9
Musselshell	4,961.00	496.10	1,547.50	31	15	9
Park	———	———	———	———	16	9
Petroleum	2,175.00	193.00	900.00	41	7	8
Phillips	4,120.00	361.75	813.00	20	4	7
Pondera	72,308.15	5,344.45	17,451.88	24	8	8
Powder River	2,630.00	236.70	66.50	3	8	8
Prairie	27,676.00	2,136.14	563.75	2	7	7
Ravalli	440.00	35.20	———	0	1	7
Richland	12,000.00	960.27	240.00	2	4	8
Roosevelt	8,475.00	678.00	1,965.08	23	4	7
Rosebud	3,138.00	273.60	1,422.80	45	6	9
Sheridan	56,407.50	4,307.87	4,583.25	8	4	8
Stillwater	4,412.50	413.50	———	0	11	10
Sweet Grass	———	———	———	———	5	9
Teton	24,090.50	1,693.28	1,013.00	4	2	7
Toole	35,438.00	2,775.50	3,126.04	9	5	8
Treasure	7,328.66	814.04	1,803.22	25	11	8
Valley	6,332.50	506.60	———	0	4	8
Wheatland	1,975.00	197.50	180.25	9	10	10
Wibaux	68,890.80	5,505.19	2,611.05	4	10	8
Yellowstone	11,399.00	1,184.06	2,011.60	18	8	9
	$919,894.61	$71,453.76	$95,485.09	10%	6%	8%

21 YEAR SUMMARY

1920-1940 inclusive

Total risk written	$27,751,289
Premium charge	$ 2,217,368
Losses paid	$ 1,745,930
Policies issued	26,611
Total acre insured	3,458,044
Average acreage per policy	130
Average risk per acre	$8.02
Loss ratio	6%
Aver. cost per $1000 of protection	$79.90
Number losses adjusted	5,873
Operating expense ratio	11%

ADMINISTRATION ACCOUNT FOR 1940

January 1-December 31, inc.

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	$ 5,607.69
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment, insurance, employees bonds)	$ 1,547.43
3. Hail adjusters' per diem and expenses	$ 4,110.12
4. Adevtrising	$ 253.46
5. Office rent	$ 300.00
6. Collection expense	$ 1,319.60
7. Car and maintenance	$ 175.49
	$13,313.79

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH THE GRAIN TO BE INSURED IS GROWING

Directions for Land Owners. Owners of land not mortgaged and with taxes not delinquent more than one year may obtain hail insurance by merely filling out an application and filing it with the assessor. He has instructions to receive all such applications and to make the charge for them against the land only. The crop lien provision in the application is not to be used **and the application is not to be filed with the county clerk and recorder.**

Directions for Owners of Mortgaged Land or Land with Not More Than One Year's Delinquent Taxes. If the land taxes are not delinquent more than one year, or if the land is not under foreclosure, the applicant is not required to furnish waivers for crop mortgages of record when hail insurance is issued. However, the application for hail insurance contains a crop lien and is to be filed with the county clerk.

Directions for Owners of Land With More Than One Year of Delinquent Tax. These land owners must insure on the basis of tenants as shown in the following paragraph. Their hail insurance will be placed on the personal rolls and will not be assessed to the real estate.

Directions for Tenants. Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for seed. The crop lien is made a part of the application. If prior liens are a bar to insuring, **The Tenant must secure a waiver from the mortgagee ranking first after the seed lien and must file it with his application for hail insurance.** The waiver must be for the maximum charge for the hail insurance. Tenants may also secure hail insurance by having the owner of the land sign consent for the hail tax to go against the land. Mortgages for seed require no waivers.

4% Discount for Cash Payment for Hail Insurance. When any grain grower pays cash for his hail insurance he will be charged the regular maximum charge for his county, less 4%. If a reduction is made later in the rate for the year he will be refunded the proper amount from the state office at Helena. **These applications will not be filed with the County Clerk and Recorder after approval by the assessor.**

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Waivers May Delay Hail Insurance. Grain growers should start early to secure waivers when they know they will be required before hail insurance may be obtained. Failure to do so may result in serious loss by hail during the time the waiver is sought. If any grower has an agreement with the mortgagee to carry hail insurance he should arrange a definite agreement on how the proceeds of any hail loss may be divided.

When to Insure. Experience shows that grain crops should not be insured until they start stemming or reach the height of about 6 inches, and then growing conditions should be favorable. The same care should be taken when insuring special crops. Hail insurance is needed now as badly as in any former year but care should be taken to use it more as a matter of protection than speculation.

HOW MUCH INSURANCE PER ACRE. For 1941 farmers may insure grain crops for not more than $10 an acre. During recent years grain prices have been unusually low and it has been advisable to reduce the amount of insurance per acre. For the 1940 season a high per cent of the policies carried from $5 to $8 per acre. This amount of insurance gave full protection for crops producing from 10 to 20 bushels per acre. We urge farmers not to insure for the limit of $10 per acre in 1941 unless crop conditions promise high yields or unless the price outlook is more favorable during June.

Hail Insurance on Special Crops. Not more than the amount shown after each of the following crops will be written per acre for 1941:

Beans, irrigated	$20	Sweet Clover Seed	$10
Peas, irrigated	$20	Alfalfa Seed	$12
Potatoes	$20	Mustard	$12
Sugar Beets	$20	Corn	$12

REDUCED RATES IN CASE OF CROP FAILURE. When any insured crop is badly damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraphs 17 and 18 on the application and policy. **IF ANY INSURED CROP IS BADLY DAMAGED OR DESTROYED BY OTHER MEANS THAN HAIL AFTER THE DATES PROVIDED IN SECTIONS 17 AND 18 OF THE STIPULATIONS AND AGREEMENTS ON THE POLICY, THE INSURED MAY APPLY TO THE STATE BOARD OF HAIL INSURANCE AT HELENA FOR A REDUCTION OF HIS CHARGE TO NOT LESS THAN ONE-HALF THE REGULAR RATE FOR THE SEASON. WHEN THE INSURED HAS FURNISHED THE REQUIRED INFORMATION ON SUCH DAMAGE OR DESTRUCTION, THE BOARD MAY REDUCE THE CHARGE TO NOT LESS THAN ONE-HALF THE REGULAR RATE FOR THE SEASON.**

Adjustment of Losses. When any grower is sure his insured grain has suffered loss exceeding 5% he should promptly report his loss to the state office at Helena. An experienced adjuster will examine the grain within about a week. The adjusters are farmers who understand the effect of hail on grain and will give each claim very careful consideration. Haste in reporting losses at harvest time is urged.

Payment of Losses. The hail insurance law provides that within 40 days of the occurence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall then be sent the insured. The final payment will be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments mostly in September or in October.

Montana State Hail Insurance is a Mutual Fund. All of the money paid into it by the grain growers is used for the payment of hail losses and operating expenses. Other systems of handling hail insurance usually return about 60% of the money to the farmers in the form of loss payments. During the last 22 years close to 89% of all money paid into the State Fund has been used for the purpose of payment on hail losses. All losses have been full paid for the last 22 years.

PROMPT PAYMENT OF 1941 LOSSES IS ASSURED by the cash on hand, collections on current 1941 policies and from delinquent accounts. Cash on hand at the beginning of the 1941 season is more than $50,000.

MEMBERS OF STATE BOARD OF HAIL INSURANCE

E. K. Bowman, Chairman, Helena
P. J. Anderson, member, Conrad
B. J. Anderson, member, Circle
Thos. E. Carey, member, State Treasurer
Albert H. Kruse, Secretary,
Commissioner of Agriculture.

It is the duty of county assessors to furnish grain growers with full information regarding State hail insurance. This folder is issued for the purpose of assisting them in furnishing it.

HAIL INSURANCE IS A NECESSARY COST
OF RAISING GRAIN

Issued by
STATE BOARD OF HAIL INSURANCE
Helena, Montana